

Senate Bill No. 1460

CHAPTER 468

An act to amend Sections 8160.1, 8180, 8183, and 8191 of, and to add Sections 8182.5, 8193.1, 8193.2, and 8194 to, the Government Code, relating to redevelopment.

[Approved by Governor September 11, 2002. Filed
with Secretary of State September 11, 2002.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1460, Ortiz. Capitol Area Plan: R Street Area.

Existing law establishes the capitol area and the project area boundaries of the Capitol Area Plan within the City of Sacramento. Existing law also grants the Capitol Area Development Authority (CADA) the powers of a redevelopment agency to direct the development of the project area within the capitol area of the Capitol Area Plan and authorizes CADA to adopt documents necessary or convenient to, among other things, the allocation of property taxes for the financing of redevelopment in the project area.

This bill would enlarge the capitol area and project area of the Capitol Area Plan to include an area referred to as the R Street Area, as defined. The bill would require CADA to prepare a redevelopment plan for the R Street Area that furthers the purposes and objectives of the Capitol Area Plan and would require that the plan be approved after published notice and at least one public hearing.

The bill would also require the rehabilitation, development, or construction of very low, low-, and moderate-income replacement housing, as specified, within 4 years of its destruction or removal in the R Street Area. It would establish specified time limits for the activity of CADA in the R Street Area.

The bill would also authorize CADA to allocate and use rents from state-owned and leased property and property taxes for the R Street Area and to separately account for their use and allocation.

The people of the State of California do enact as follows:

SECTION 1. Section 8160.1 of the Government Code is amended to read:

8160.1. The following terms, used in this article, shall be given the following meanings:

(a) “Metropolitan area” means the greater metropolitan Sacramento area, including the City of Sacramento, the County of Sacramento, and the eastern part of Yolo County.

(b) “Central city” means that area of the City of Sacramento bounded on the north by the American River, on the west by the Sacramento River, and on the south and east by Interstate Highway 80.

(c) “Core area” means that area of the City of Sacramento within the area bounded by “G” Street on the north, “R” Street on the south, 5th Street on the west, and 17th Street on the east.

(d) “Capitol area” includes both of the following:

(1) The area of the City of Sacramento which is bounded on the north by “L” Street, on the south by “R” Street, excepting that portion lying between 11th and 12th Streets which southern boundary shall be the alley lying between “R” and “S” Streets, on the west by 5th Street, and on the east by 17th Street, and referring specifically to those blocks within those boundaries containing state-owned properties. The streets bounding the Capitol area are included therein, and this does not constitute a change in, but is declaratory of the existing law.

(2) The area of the City of Sacramento which is bounded on the north by “Q” Street, on the south by “S” Street, on the west by 17th Street, and on the east by the westerly edge of the current right-of-way for the rail lines running north and south between 19th and 20th Streets, and which is bounded on the north by “R” Street, excepting that portion lying between 11th and 12th Streets which northern boundary shall be the alley lying between “R” and “S” Streets, on the south by “S” Street, on the west by 10th Street, and on the east by 17th Street, inclusive, of the streets therein.

(e) “Department” means the Department of General Services.

(f) “Director” means the Director of General Services.

SEC. 2. The Legislature finds and declares that the portion of the project area commonly known as the “R Street Area” is physically and economically blighted by conditions which constitute physical and economic liabilities that require redevelopment in the interest of the health, safety, and general welfare of the people of the City of Sacramento and the State of California, including, but not limited to, all of the following:

(a) Buildings in which it is unsafe or unhealthy for persons to live or work.

(b) Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots.

(c) Adjacent or nearby uses that are incompatible with each other and that prevents the economic development of those parcels or other portions of the area.



(d) The existence of subdivided lots of inadequate size for proper usefulness and development and that are in multiple ownership.

(e) Depreciated or stagnant property and impaired investments, including, but not limited to, properties containing hazardous wastes.

(f) A lack of necessary commercial facilities that are normally found in neighborhoods.

(g) Inadequate and substandard public improvements that substantially hinder the existing uses of the area.

SEC. 2.5. Section 8180 of the Government Code is amended to read: 8180. The following terms, used in this article, shall have the following meanings:

(a) “Project area” includes both of the following:

(1) The area within the City of Sacramento which is bounded on the north by “L” Street, on the south by “R” Street, excepting that portion lying between 11th and 12th Streets which southern boundary shall be the alley lying between “R” and “S” Streets, on the west by 7th Street, and on the east by 17th Street, excepting any portion of that area which is within the boundaries of a redevelopment project area adopted prior to April 1, 1979, by the City of Sacramento pursuant to the Community Redevelopment Law.

The streets bounding the project area are included therein, and this does not constitute a change in, but is declaratory of the existing law.

Pursuant to an agreement between the authority and the City of Sacramento, the boundaries of the project area established by this section may be amended by a resolution adopted by the authority to include all or any portion of the blocks bounded on the west by 5th Street, on the north by “N” Street, on the east by 7th Street, and on the south by “P” Street, upon the effective date of an ordinance adopted by the City of Sacramento amending the boundaries of the city’s redevelopment project area to detach all or any portion of those blocks from the city’s redevelopment project area for the purpose of including that area within the project area established by this section. For the purposes of paragraph (1) of subdivision (b) of Section 8183, the assessed value of the property detached from the city’s redevelopment project area and included within the project area established by this section shall be that portion of the assessed value of that property upon which taxes were allocated to the taxing agencies immediately prior to the effective date of the resolution and shall exclude that portion of the assessed value of that property upon which taxes were allocated to the city’s redevelopment agency.

In the event that the project area is not amended as described in this section, the city’s redevelopment agency may satisfy any replacement housing obligations that result from the development of any portion of



the blocks bounded on the west by 5th Street, on the north by “N” Street, on the east by 7th Street, and on the south by “P” Street within that portion of the project area agreed to by the authority and the City of Sacramento.

(2) The area within the City of Sacramento which is bounded on the north by “Q” Street, on the south by “S” Street, on the west by 17th Street, and on the east by the westerly edge of the current right-of-way for the rail lines running north and south between 19th and 20th Streets, and which is bounded on the north by “R” Street, excepting that portion lying between 11th and 12th Streets which northern boundary shall be the alley lying between “R” and “S” Streets, on the south by “S” Street, on the west by 10th Street, and on the east by 17th Street, inclusive of the streets therein, which portion of the project area is commonly known as the “R Street Area.”

(b) “Redevelopment plan” means the Capitol Area Plan approved by the Director of General Services on March 15, 1977, and referred to in Section 8160, and the plan prepared pursuant to Section 8182.5, together with documents adopted pursuant to Section 8183.

(c) “Authority” means the Capitol Area Development Authority created by the joint powers agreement executed pursuant to Section 8169.4 by the Director of General Services of the State of California and the Mayor of the City of Sacramento on July 1, 1978.

SEC. 3. Section 8182.5 is added to the Government Code, to read:

8182.5. The authority shall, in cooperation with the City of Sacramento, prepare an appropriate plan for the development and redevelopment of that portion of the project area set forth in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), that furthers the purposes and objectives set forth in the Capitol Area Plan. The plan shall be approved after published notice and at least one public hearing by the authority.

SEC. 4. Section 8183 of the Government Code is amended to read:

8183. (a) The authority may, by resolution, adopt documents necessary or convenient to the exercise of its powers and may designate that any document shall be incorporated into the redevelopment plan.

(b) Documents adopted pursuant to subdivision (a) may include a requirement that taxes, including possessory interest taxes, levied upon taxable property within the project area after the effective date of the resolution adopting the document or documents be divided as follows:

(1) The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the project area as shown upon the assessment roll used in connection with the taxation of the property by the taxing agency, last equalized prior to



the effective date of the resolution, shall be allocated to, and when collected shall be paid into, the funds of the respective taxing agencies, as taxes by or for said taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include the territory in the project area on the effective date of the resolution but to which the territory has been annexed or otherwise included after the effective date, the assessment roll of the county last equalized on the effective date of said resolution shall be used in determining the assessed valuation of the taxable property in the project area on said effective dates).

(2) The portion of said levied taxes each year in excess of that amount shall be allocated to, and when collected shall be paid into, a special fund of the authority to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the authority to finance or refinance, in whole or in part, the redevelopment of the project area. Unless and until the total assessed valuation of the taxable property in the project exceeds the total assessed value of the taxable property in the project area as shown by the last equalized assessment roll referred to in paragraph (1), all of the taxes levied and collected upon the taxable property in the project area shall be paid into the funds of the respective taxing agencies. When these loans, advances, and indebtedness, if any, and interest thereon have been paid, then all moneys thereafter received from taxes upon the taxable property in the project area shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(3) For the purpose of allocating taxes pursuant to the document prepared pursuant to this section, the base year shall remain fiscal year 1979–80. Commencing with the fiscal year 1982–83, the 1979–80 base year roll shall be adjusted to reflect the revised project area as set forth in subdivision (a) of Section 8180.

(4) For the purposes of the document prepared pursuant to this section for the portion of the project area set forth in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), the base year shall be the 2001–02 fiscal year. Commencing with the 2002–03 fiscal year, the 2001–02 base year roll shall be adjusted to reflect the project area set forth in paragraph (2) of subdivision (a) of Section 8180.

(5) The authority shall separately account for the receipt and expenditures of the allocation of taxes and rents from state-owned and leased property derived from that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area).

(6) The authority may not expend or otherwise use the allocation of taxes and rents from state-owned and leased property received from any other portion of the project area outside of that portion of the project area



described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), within the R Street Area unless otherwise approved in writing between the authority and the Director of General Services.

(c) In the proceedings for the advance of moneys, or making of loans, or the incurring of any indebtedness (whether funded, refunded, assumed or otherwise) by the authority to finance or refinance, in whole or in part, the redevelopment project, the portion of taxes mentioned in paragraph (2) of subdivision (b) may be irrevocably pledged for the payment of the principal of and interest on said loans, advances, or indebtedness.

(d) Any documents designated to be incorporated into the redevelopment plan may be adopted at any regular or special meeting of the authority. Notice of the authority's intent to adopt the document shall be stated in the agenda prepared in connection with the meeting at which the document is adopted, which agenda shall be made available to the public in the manner specified in Section 54956. No other notice shall be required in connection with the adoption of these documents.

SEC. 5. Section 8191 of the Government Code is amended to read:

8191. (a) Except with respect to taxes allocated to the authority pursuant to subdivision (b) of Section 8183 which are used by the authority to make payments with respect to the installation of street lights and sidewalks within the project area, not less than 20 percent of those taxes shall be used by the authority for the purpose of increasing and improving, within the jurisdiction of the authority, the supply of housing for persons of low income as defined in Section 50093 of the Health and Safety Code and for persons and families of moderate income as defined in Section 50093 of the Health and Safety Code.

(b) (1) With respect to taxes allocated to the authority pursuant to subdivision (b) of Section 8183 from that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), not less than 20 percent of those taxes from the R Street Area shall be used by the authority for the purpose of increasing and improving, within the jurisdiction of the authority within the R Street Area, the supply of housing for persons of low income, as defined in Section 50093 of the Health and Safety Code, and for persons and families of moderate income, as defined in Section 50093 of the Health and Safety Code.

(2) Over the duration of the portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), the authority shall expend the funds set aside pursuant to this subdivision in proportion to the need for housing for very low income households, persons of low income, and persons and families of moderate income, as determined for the City of Sacramento pursuant to Section 65584 of



the Government Code. In no event, however, shall less than 33 percent of these funds be expended to assist housing for very low income households nor less than 33 percent be expended to assist housing for persons of low income. The term “very low income households” shall have the meaning set forth in Section 50093 of the Health and Safety Code.

(3) Newly constructed rental housing financed in whole or in part with the funds set aside pursuant to this subdivision shall remain affordable to, and occupied by, very low income households, persons of low income, and persons and families of moderate income for not less than 55 years.

SEC. 6. Section 8193.1 is added to the Government Code, to read:

8193.1. (a) Whenever dwelling units located within that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area) and housing of persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project that is subject to a written agreement with the authority or where financial assistance has been provided by the authority, the authority shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the R Street Area. One hundred percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income category (low, very low, or moderate) as the persons displaced from those destroyed or removed units.

(b) (1) Prior to the time limit on the authority’s activities established pursuant to Section 8194, at least 30 percent of all new and substantially rehabilitated dwelling units developed by the authority within the R Street Area shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by those persons and families. Not less than 50 percent of the dwelling units required to be available at affordable housing cost to persons and families of low or moderate income shall be available at affordable housing cost to, and occupied by, very low income households.

(2) (A) (i) Prior to the time limit on the authority’s activities established pursuant to Section 8194, at least 15 percent of all new and substantially rehabilitated dwelling units developed within the R Street Area by public or private entities or persons other than the authority shall be available at affordable housing cost to persons and families of low or



moderate income and shall be occupied by those persons and families. Not less than 40 percent of the dwelling units required to be available at affordable housing cost to persons and families of low or moderate income shall be available at affordable housing cost to very low income households and shall be occupied by those persons and families.

(ii) To satisfy this paragraph, in whole or in part, the authority may cause, by regulation or agreement, to be available, at affordable housing costs, to persons and families of low or moderate income or to very low income households, as applicable, two units outside the R Street Area for each unit that otherwise would have been required to be available inside the R Street Area.

(iii) As used in this subdivision, “substantially rehabilitated dwelling units” means substantially rehabilitated, with authority assistance, multifamily rented dwelling units with three or more units, or substantially rehabilitated, with authority assistance, single-family dwelling units with one or two units.

(iv) As used in this subdivision, “substantial rehabilitation” means rehabilitation, the value of which constitutes 25 percent of the after-rehabilitation value of the dwelling, inclusive of the land value.

(B) To satisfy the requirements of this subdivision, the authority may purchase, or otherwise acquire or cause by regulation or agreement the purchase or other acquisition of, long-term affordability covenants on multifamily units that restrict the cost of renting or purchasing those units that meet either of the following criteria:

(i) The units are not presently available at affordable housing cost to persons and families of low or very low income.

(ii) The units are presently available at affordable housing cost to these persons and families of low or very low income, but are units that the authority finds, based upon substantial evidence, after a public hearing, cannot reasonably be expected to remain affordable to this same group of persons or families.

(3) To satisfy the requirements of this subdivision, newly constructed rental dwelling units shall remain affordable to, and occupied by, persons and families of low or moderate income for not less than 55 years.

SEC. 7. Section 8193.2 is added to the Government Code, to read:

8193.2. The requirements of Section 8193.1 shall apply solely to the portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area). The requirements of Section 8193 shall apply solely to the balance of the project area, exclusive of the R Street Area.

SEC. 8. Section 8194 is added to the Government Code, to read:



8194. The authority shall establish the following time limits for that portion of the project area described in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area):

(a) A time limit on establishing or incurring loans, advances, and indebtedness to be paid for with proceeds of property taxes received pursuant to Section 8183, which limit may not exceed December 31, 2022. However, this limit may be extended by the authority for 10 additional years if the authority finds, based upon substantial evidence, both of the following:

(1) Significant blight remains within the R Street Area.

(2) This blight cannot be eliminated without the establishment of additional debt.

This limit shall not prevent the authority from incurring debt, to be paid from that portion of the set-aside collected pursuant to Section 8191 from properties within the R Street Area, in order to either fulfill the authority's obligations pursuant to Section 8193.1, or to refinance, refund, or restructure an indebtedness after the time limits if the indebtedness is not increased and the time during which the indebtedness is to be repaid does not exceed the date on which the indebtedness would have been paid. The loans, advances, or indebtedness may be repaid over a period of time longer than these time limits.

(b) A time limit on authority activities within the R Street Area, which limit may not exceed December 31, 2032. However, the authority may pay previously incurred indebtedness and enforce existing covenants, contracts, and other obligations. This time limit shall not prevent the authority from fulfilling the authority's obligations pursuant to Section 8193.1.

(c) A time limit on receipt of property taxes pursuant to Section 8183 from properties within the R Street Area, which limit may not exceed December 31, 2047. However, this limit shall not be construed to affect the validity or payment of any bond, loans, advances, indebtedness or other obligation, or the right to receive taxes pursuant to Section 8183 to pay the loans, advances, indebtedness or other obligation to repay bonds, loans, advances, and indebtedness within those 45 years.

(d) A time limit on the commencement of eminent domain proceedings to acquire property within the R Street Area, which limit may not exceed December 31, 2014, unless expressly extended by formal action of the authority. However, in no case shall the limit be extended beyond the time limit set in subdivision (b).

